



STATE OF CONNECTICUT NEWS RELEASE

Attorney General Richard Blumenthal
Department of Consumer Protection
Commissioner Edwin R. Rodriguez

Monday, November 29, 2004

ATTORNEY GENERAL, DEPARTMENT OF CONSUMER PROTECTION SUE OIL COMPANY FOR DECEPTIVE PRACTICES

HARTFORD, November 29 -- Connecticut Department of Consumer Protection (DCP) Commissioner Edwin R. Rodriguez and Attorney General Richard Blumenthal announced today that they are suing Owl Oil, Inc. of New Britain for roping consumers into deceptive home heating oil delivery contracts.

Since 2002, Owl Oil has offered consumers what appear to be one-year contracts with favorable locked-in fuel oil prices. However, a provision buried in the lengthy contract binds homeowners to a second year during which they must buy oil at a fluctuating market rate almost certain to be a higher than a locked-in price.

Rodriguez and Blumenthal estimate that 1,500 to 2,000 consumers are locked into these oppressive contracts, with hundreds having overpaid Owl Oil \$200 to \$300 each. The action, filed under the state Unfair Trade Practices law, seeks restitution, civil penalties and an immediate injunction prohibiting such contracts.

"The Department of Consumer Protection regulates the home heating oil industry – specifically contracts that oil companies and their customers enter into," Rodriguez said. "This year we have seen that these contracts can be a real source of abuse – as occurred here – which is why we are initiating litigation to protect the consumer. While the program's cost savings were displayed in easy-to-read large print, the fact that these savings were only for one year of a two-year contract was considerably less obvious."

"This second-year trap could literally leave families out in the cold – causing many heating bills to soar by hundreds of dollars," Blumenthal said. "Owl Oil didn't give a hoot about some customers. Luring homeowners into low, secured prices one year, Owl Oil snared them with fine print provisions locking in excessive rates the second year. My legal action will halt these practices, force refunds and help heat homes. Our message: We will be as watchful and tenacious as a hawk against Owl Oil-type schemes."

MEDIA CONTACTS

Attorney General's Office
Christopher Hoffman or Tara York 860-808-5324

Department of Consumer Protection
Claudette Carveth 860-713-6050

The contracts levy a hefty penalty on consumers who opt out of the second year, requiring them to pay Owl Oil the difference between the first year's locked-in and market prices, plus administrative charges and any legal fees for collection. In some cases, consumers have paid hundreds of dollars in retroactive charges to terminate their contracts.

Owl Oil's two-page contracts describe in glowing terms the savings consumers will enjoy from a locked-in oil price. However, the agreement's first page, which includes a signature line at the bottom, does not say that the contracts extend into a second year. That information is outlined only in the terms and conditions on the second page.

"There was nothing warm and comforting about these contract terms," Rodriguez said. "Most heating oil companies in the state are honest and hardworking businesses, but the few that want to take advantage of consumers should know that my office is looking over their shoulders, reviewing their contracts and how they conduct their businesses, and that we will be vigorous in prosecuting those who seek to mislead consumers."

Commissioner Rodriguez stated that he did not believe that the litigation would interfere with the company's existing obligations to its customers during this winter heating season. Owl Oil has 5,000 to 7,000 customers in New Britain and nearby towns.

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